



City of Austin, Texas —  
Report to the Audit Committee for the year ended  
September 30, 2014 on Federal and State  
Program Audits

**Deloitte & Touche LLP**  
**August 26, 2015**

# Reports and Opinions - Federal and State Grants

- Single Audit Report
  - Type of Opinion: Report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with OMB Circular A-133 and State of Texas Uniform Grants Management Standards
    - We issued an unmodified opinion (clean opinion)
  - Issued on June 29, 2015
  
- Passenger Facility Charges Report
  - Type of Opinion: Report on compliance with requirements applicable to the Passenger Facility Charge program and internal control over compliance in accordance with requirements issued by the Federal Aviation Administration
    - We issued an unmodified opinion (clean opinion)
  - No reported findings
  - Issued on June 26, 2015



# Definitions of a deficiency, significant deficiency, and material weakness

<b>Deficiency</b>	A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.
<b>Significant deficiency</b>	A <i>significant deficiency</i> is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
<b>Material weakness</b>	A <i>material weakness</i> is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

# Findings and Questioned Costs Related to Federal and State Awards

## Significant Deficiencies

We consider the following deficiencies in the City's controls over Compliance and Noncompliance to be significant deficiencies as of September 30, 2014:

- **Controls over Compliance and Noncompliance – Eligibility (Finding 2014-02) –**
  - Community Services Block Grant (CSBG) CFDA 93.569 – Department of Health and Human Services, passed through the TDHCA
  
- **Controls over Compliance and Noncompliance – Reporting (Finding 2014-03) –**
  - Highway Planning and Construction CFDA 20.205 – Department of Transportation, Federal Highway Administration, passed through Texas State Highways and Public Transportation Department;
  - Refugee Health Services CFDA 93.566 – Department of Health and Human Services, passed through Texas Department of State Health Services;
  - Homeless Housing and Services Program – Texas Department of Housing and Community Affairs;
  - Fire Prevention & Safety CFDA 97.044 – Department of Homeland Security

# Findings and Questioned Costs Related to Federal and State Awards

## Significant Deficiencies Continued

- **Reporting (Finding 2014-04)** –
  - Highway Planning and Construction CFDA 20.205 – Department of Transportation, Federal Highway Administration, passed through Texas State Highways and Public Transportation Department;
  - IH 35 Feasibility Study – Texas Department of Transportation;
  - Homeless Housing and Services Program – Texas Department of Housing and Community Affairs
- **Controls over Compliance and Noncompliance – Cash Management (Finding 2014-05)** –
  - Section 108 Loan CFDA 14.248 – Department of Housing and Urban Development
- **Controls over Compliance and Noncompliance – Reporting (Finding 2014-06)** –
  - Section 108 Loan CFDA 14.248 – Department of Housing and Urban Development

*Management concurs with the recommendations related to the findings above*



# FY15 Audit: Proposed Federal and State Awards Programs to Test

Our testing plan for federal and state grant audits is based on a risk assessment. Our preliminary risk assessment for fiscal year 2015 has determined that the following programs will be subjected to testing in 2015. These are subject to change.

## Federal

- Airport Grant (ABIA Improvements) – CFDA 20.106
- Home – CFDA 14.239
- Refugee Health Services – CFDA 93.566\*
- Highway Planning and Construction – CFDA 20.205\*
- CSBG Grants Cluster – CFDA 93.569 & 93.710\*
- Fire Prevention & Safety – CFDA 97.044\*
- Section 108 Loan – CFDA 14.248\*

## State

- IH 35 Feasibility Study\*
- Homeless Housing & Services Program\*
- JAG Program Cluster\*
- Tuberculosis Elimination

\* Tested during the FY14 Single Audit.

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